

MINUTES
November 1, 2001

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, November 1, 2001 - 9:30 a.m.
Seattle Metropolitan Credit Union
Conference Room – 3rd Floor

Present: Jan Drago, Dwight Dively, Norma McKinney, Jim Fletcher, Lou Walter, and Frank Mathews.

Absent: John Curtin

Also Present: Russ Teller – ARSCE, Eddie Haw – ARSCE, John Love – ARSCE, Ken Hunich – ARSCE, Kirk Jones - ARSCE, Bill Farrell – ARSCE, Walter North – ARSCE, Barbara Guptill – ARSCE, Jesse Tapp – ARSCE, Jack Fahlstrom – ARSCE, Jim Coover – ARSCE, Roger Howeler – ARSCE, Lenee Jones, MaryKay Doherty, Mel Robertson and Norm Ruggles.

Public Comment: Barbara Guptill expressed concern for retirees about the recent settlement with the labor unions regarding retirement benefits and raised a question asking what the Board can do about getting a 1.5% COLA for the retirees enacted. Eddie Haw reminded to Board to speak louder.

Minutes:

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board approved the minutes from the October 4, 2001 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 4,518,671.26
Disability	50,406.27
Beneficiary	556,200.61
Pension Payroll – October 2001	\$ 5,125,278.14

Office Payroll - pay period ending September 25, 2001	\$ 21,670.96
Office Payroll - pay period ending October 9, 2001	\$ 21,757.37

Vouchers Processed - from September 25, 2001 through October 25, 2001	\$ 35,344.49 *
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* \$ 0.00 Expert and Consultant Services

Upon motion by Dwight Dively, seconded by Lou Walter, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Immediate Withdrawal of Contributions

<u>Member</u>	<u>Department</u>	<u>Position</u>
Ackerman,Brian Fredrick	SPU	Water Apprentice
Broussard Jr.,Joseph	SPU	Supervisor
Chesley, Frank Raymond	Light	P.R Spec
Coleman, Aaron	Seattle Center	Senior Title Rec Tech
Davies, Robin Page	HSD	Admin Spec I
De Laney, Holly	Engineering	Acct Tech II
Duncan, Celeste Elizabeth	TES	Strategic Advisor
Finn, Patricia E	Neighborhood	CSR Supervisor
Garcia, Jean C	Light	Accountant
Harris, Tamara Jean	TES	Flagger
Hilton, Michael L	Park	Laborer
Hontz, Robin Louise	SEATRAN	Laborer
Jacobs, Susan	Park	Admin Spec II
LaPier, Valarie A	HSD	Acct Spec I
Pope, Edward C	Light	Program Planner
Rodriguez, Oralia	Seattle Center	Admin Spec I
Seligmiller, Sandra Jean	Park	Gardener
Stuart, Deborah Ann	DCLU	Land Use Planning & Devel Analyst
Trettevik, Gerald D	Muni Court	Marshall
Tyson, Byron K	Park	Laborer

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Davenport, Jerald	09/07/2001	22	121	SEATRAN	Civil Engineer Spec Asst I	57	C5,F
Freeman, David L.	10/10/2001	35	138	Seattle Center	Carpenter	56	C15
Hart, Calvin R.	09/28/2001	4	299	Dual Member	Vested/City Light	58	C10
Kubota, Thomas	10/03/2001	8	269	Parks	Vested/Capital Proj Coord	62	C10
Myers, Antoinette B.	09/19/2001	24	147	Library	Branch Manager II	59	S
Schwartz, Richard P.	09/19/2001	28	83	Library	Library Associate IV	55	C5
Starr, Gayle	09/27/2001	11	338	Dual Member	Vested/Solid Waste Super	57	C20
Vance, Dana J.	10/02/2001	30	147	SPU	Electrical Engineer Sr.	54	E

Upon motion by Frank Mathews, seconded by Lou Walter, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the Investment Summary report.

Investment Committee Report:

It was announced that the Investment Committee is scheduled to meet at noon on Wednesday, November 28, 2001 with the Investment Advisory Committee and our performance consultant Wurts and Associates to review the investment performance for the third quarter of 2001.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

1. Norm reported that the Preretirement Seminar was presented to the employees at Boundary Dam on October 19, 2001 by Jeannette Ocampo and Flimeka Thomas of the Retirement Office, Bonnie Wood from Personnel, Leslie McAuley from Social Security, and Norm. It was very well received, and the ratings given by the attendees were high. It's the first time the seminar has been held at Boundary.
2. The Fall 2001 retirement newsletter is at the printer, and will be mailed in the next few days.
3. The retiree medical annual open enrollment materials have been sent to all retirees by the Retirement Office. Retiree open enrollment is scheduled to end on November 23, 2001.
4. Norm distributed and discussed with the Board a graph showing the growth of the financial market indexes since 1975.
5. Norm briefly discussed with the Board a presentation on DROP plans, and distributed a presentation outline. The Board decided this would be a good topic for the next Board retreat.
6. Karen Steffen, actuary from the Retirement System's actuarial firm, Milliman USA, circulated and explained an updated early warning chart. It lists different scenarios and estimates the System's current and future funding levels and amortization periods, both with and without the implementation of a 1.5% annual COLA for pre-1998 retirees. Karen answered questions from the Board and others present.

Old Business:

(1) Status of Benefit Enhancements	(Old Business)
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Norma McKinney told the Board that a conceptual agreement with the labor Coalition and Local 77 has been reached by the City. The buyback provisions that were negotiated were approved, with the exception of the one relating to the six month waiting period buyback for those that entered City service in 1988 through and including 1998. That buyback is only effective when the retirement fund reaches a 95% funding level. Norma stated that the agreement includes provisions for an increase in the floor COLA from the current level of 60% to that of 65% once the funding level of the System reaches 95%, and then an increase in the floor COLA to 70% once the funding level reaches 100%. The funding level will be determined by an actuarial study ordered by the Board.

Norma also stated that the unions understand that the City wishes to consider a 1.5% COLA for all current retirees who do not receive this type of COLA, and that the unions have said they will not object. Dwight Dively mentioned that there is also a provision that a "re-opener" is available for the City to return to the bargaining table with the unions to negotiate contribution rates if the funding level of the System results in an amortization period of 15 years or more.

Jan Drago invited ARSCE members to express their views on COLA improvements at a public hearing on the 2002 proposed budget on November 8, 2001, and handed out a written announcement of the public hearing.

New Business:

Jan Drago raised the idea of scheduling a Board retreat. This was discussed by the Board and several items of interest that may be included on an agenda were identified. The Board decided to schedule a retreat for February 7, 2001. The location of the retreat has not yet been identified. Some of the topics that have been suggested for discussion include: international equities, the role and authority of the Board, use of Milliman's Valuation Model to plot various funding scenarios, a presentation by the City's Aging in the Workforce Committee, and a presentation on DROP plans. The Board will also conduct their regular Board Meeting for February 2002 immediately prior to the retreat.

Jesse Tapp addressed the Board and offered a summary of the discussions surrounding the 1.5% COLA, saying that he understood the 1.5% COLA is not being objected to by the labor unions and is now in the hands of the City Council to consider. Dwight Dively responded and confirmed his summary as being accurate.

Adjournment

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board voted to adjourn the meeting.

Norma McKinney, Secretary